

Message Text

UNCLASSIFIED

PAGE 01 STATE 251636
ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-08 AGRE-00 NSCE-00 STR-05 H-02
FEA-01 ITC-01 SSO-00 INRE-00 USIE-00 ERDA-07
AID-05 CEA-01 CIAE-00 COME-00 DODE-00 FPC-01
INR-07 INT-05 L-03 NSAE-00 OMB-01 PM-05 OES-07
SP-02 SS-15 TRSE-00 ACDA-12 PA-02 PRS-01 /104 R

DRAFTED BY EUR/CAN:JBROH-KAHN:PW
APPROVED BY EUR:RDVINE
EUR/CAN - JHROUSE, JR.
EB/TA - HKOPP
EB/FSE - PBARBIAN
AGRI:FAS/ITP - MR. WHITE (SUBSTANCE
DOE/IA - DR. KOTB
STR - ELAPP
H - RPUGH

-----007106 200235Z /62

O 200126Z OCT 77
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA IMMEDIATE
INFO AMCONSUL CALGARY IMMEDIATE

UNCLAS STATE 251636

E.O. 11652: N/A

TAGS: CA, ENRG, ETRD

SUBJECT: CHANGES IN AMBASSADOR'S DRAFT SPEECH

REF: OTTAWA 9102

1. AGRICULTURE, DOE/IA, STR, EUR, EB, AND H HAVE CLEARED
AMBASSADOR'S DRAFT SPEECH FOR DELIVERY IN CALGARY WITH
FOLLOWING CHANGES (COMMENTS IN PARENTHESES) KEYED TO NUM-
BERED PARAGRAPHS REFTEL:

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 251636

2. REVISED PARA 9. YOUR TAR SANDS ARE ESTIMATED TO CON-
TAIN AT LEAST AS MUCH RECOVERABLE OIL AS THE ENTIRE
MIDDLE EAST. SIMILARLY OUR GREEN RIVER SHALE FOUNDATION
ALONE IS ESTIMATED TO CONTAIN MORE THAN TWICE AS MUCH OIL
AS THE MIDDLE EAST. (DEFINES MORE PRECISELY AMOUNT OF OIL
IN U.S. SHALE.)

3. PARA 12 SECOND SENTENCE. IN THE U.S., WE ARE GOING INTO HIGH GEAR - INDUSTRY IS NOW SPENDING \$20 TO \$25 MILLION A YEAR, AND THE DEPARTMENT OF ENERGY BUDGET IS EXPECTED TO INCREASE FROM ABOUT \$22 MILLION IN FY 77 TO \$28 MILLION IN FY 78. (DETAILS YOU REQUESTED.)

4. PARA 13 LAST SENTENCE. IF WE DO THIS JOINTLY, WE CAN DO

IT FASTER AND MORE EFFICIENTLY, COVER MORE OPTIONS. (PREFER NOT TO MENTION LARGE SCALE PROGRAMS.)

5. PARA 14. THE U.S. WOULD LIKE TO EXPLORE WITH YOU JOINT IN SITU R AND D PROGRAMS, INCLUDING NOT ONLY INFORMATION EXCHANGES AND COORDINATED PLANNING, BUT PERHAPS ALSO JOINTLY FUNDED FIELD TESTS. (SUGGESTED DOE/IA REVISION)

6. PARA 15 SECOND SENTENCE. IF ANYBODY HAD ANY DOUBTS ABOUT THAT, THE CURRENT DEBATE IN THE U.S. CONGRESS SHOULD BE CONVINCING. (PREFERRED LANGUAGE RE CONGRESSIONAL PROCESS.)

7. PARA 17 DELETE FOURTH SENTENCE. (AVOIDS PRAISING GOC FOR RAISING GAS PRICES, AS THEY HIKED EXPORT PRICES MORE THAN DOMESTIC ONES; ADMINISTRATION IS STILL WORKING TO LIMIT DECONTROL.)

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 251636

8. PARA 18 SECOND SENTENCE. ALTHOUGH THE ENERGY PLAN THAT EMERGES FROM THE CONGRESS MAY DIFFER SUBSTANTIALY FROM WHAT THE PRESIDENT PROPOSED, WE NOW KNOW ENOUGH TO MAKE AN EDUCATED GUESS AS TO WHAT ITS MAIN ELEMENTS WILL BE. (AVOIDS FLAT STATEMENT ON HOW LEGISLATION WILL TURN OUT.)

9. PARA 19 FIRST SENTENCE. THE PROGRAM IS LIKELY TO MOVE U.S. CRUDE OIL PRICES TO WORLD LEVELS BY THE END OF THE DECADE. (SAME REASONING.)

10. PARA 20 SECOND SENTENCE. THE COMPROMISE TO EMERGE FROM THE CONGRESS MAY WELL SET U.S. GAS PRICES SUBSTANTIALY ABOVE CANADIAN DOMESTIC PRICES. (SAME REASONING.)

11. PARA 21 FIRST TWO SENTENCES. THIS WILL NOT MEAN, BY THE WAY, SIGNIFICANT NEW SCOPE FOR INCREASING CANADIAN EXPORT GAS PRICES TO THE U.S. YOU HAVE ALREADY RAISED EXPORT PRICES TO A HIGH LEVEL --- ADJUSTING THEM TO COMMODITY VALUE WITH OIL --- AND THE NEW U.S. LEGISLATION WILL PROBABLY WORK TO LIMIT DEMAND AND ENCOURAGE SUPPLY,

BRINGING ABOUT A BETTER BALANCE IN THE U.S. GAS ECONOMY THAN WE HAVE HAD OVER THE LAST FEW YEARS. (CHANGE IN SECOND SENTENCE CONTINUES YOUR POINT IN FIRST, WITH IMPLICATION THAT WE ARE NOT COMMENDING GOC FOR DISCRIMINATORY INCREASE OF EXPORT PRICES MORE THAN DOMESTIC ONES.)

12. PARA 23 FIRST SENTENCE. A MOST IMPORTANT CONSEQUENCE OF THE NEW U.S. ENERGY PROGRAM IS LIKELY TO BE INCREASED USE OF COAL, OUR MOST ABUNDANT FUEL. (IT IS NOT CLEAR

THAT THE PROGRAM WILL IN FACT RESULT IN A DRAMATIC SHIFT-
WARD COAL CERTAINLY OVER SHORT TERM.)

13. PARA 25. CONCERNS HAVE BEEN RAISED THAT A U.S. SHIFT
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 251636

TOWARD COAL MAY INCREASE CROSS-BORDER AIR POLLUTION. OUR ANALYSIS INDICATES THAT THERE IS NO BASIS FOR THIS FEAR, BUT WE HAVE SUGGESTED TO THE GOC THAT WE OUGHT TO TALK ABOUT THIS, AS WELL AS ABOUT THE GENERAL MOVEMENT OF AIR POLLUTANTS BOTH NORTH AND SOUTH ACROSS THE CONTINENT. (IT IS OUR VIEW THAT A SIGNIFICANT SHIFT TOWARD COAL WOULD NOT POLLUTE CANADA, AS DEVELOPMENT WILL TAKE PLACE UNDER ENVIRONMENTAL SAFEGUARDS, AND WE SHOULD NOT ADD TO CANADIAN PUBLIC CONCERN ABOUT THIS.)

14. PARA 29 LAST SENTENCE. MOST OF MONTREAL'S OIL COMES VIA PIPELINE ACROSS THE U.S., EITHER FROM PORTLAND, MAINE, OR VIA SARNIA. THE TRANS-US-SARNIA ROUTE IS ALSO USED TO SUPPLY ALL OF LOWER ONTARIO'S GAS. (SARNIA SUPPLIES CONSIDERABLE OIL TO MONTREAL.)

15. PARAS 34 AND 35 BLANKS. (YOU SHOULD BE ABLE TO FILL THESE IN FROM GOC SOURCES. WE UNDERSTAND THAT PIPELINE TAXES, NOT INCLUDING USER CHARGES, WILL GIVE CANADA \$1 BILLION.)

16. PARA 40 LAST SENTENCE. IN THE U.S. WE ARE NOW EXAMINING ALTERNATIVE PROPOSALS FOR PIPELINES TO BRING ALASKAN AND FOREIGN OIL FROM THE WEST COAST TO THE MIDDLE WEST. (THE PROSPECTS FOR LEGISLATION ARE NOT NOW CLEAR.)

17. PARA 41. SINCE WE BOTH HAVE THE OBJECTIVE OF GETTING OIL AT THE LEAST POSSIBLE COST AND ABOVE ALL WITH THE LEAST POSSIBLE JEOPARDY TO THE ENVIRONMENT, SHOULDN'T WE EACH MAKE SURE, AS PLANNING PROCEEDS IN BOTH COUNTRIES, THAT WE DO NOT FORECLOSE THE OPTION OF BUILDING ONE OIL PORT RATHER THAN EACH BUILDING PORTS IF THAT PROVES TO BE TO OUR MUTUAL ADVANTAGE. (JOINT PLANNING WOULD BE PREMA-
UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 251636

TURE AT THIS POINT.)

18. DELETE PARA 42. UNCERTANTIES ABOUT OUR USE OF ABANA AND OUR ABILITY TO UTILIZE GOC SURPLUS REFINING CAPACITY IN THE MARITIMES THROWS DOUBT ON THE CURRENT REALITY OF A CONTINENT-WIDE OIL TRADEOFFS.)

19. PARA 49 SECOND SENTENCE. FIRST, CANADA AND THE U.S. SHOULD BOTH ACCEPT THE WORKING HYPOTHESIS FOR TARIFF CUTTING --- WHICH YIELDS AN AVERAGE REDUCTION OF ABOUT 44 PERCENT --- AND APPLY IT WITH A MINIMUM OF EXCEPTIONS.

(WE DO NOT YET HAVE A GENERALLY AGREED TARIFF FORMULA.)

20. PARA 50. SECOND, WE SHOULD BOTH MAKE SURE THAT THE CUTS ARE PHASED IN AND THAT APPROPRIATE PROGRAMS ARE IN PLACE TO HELP INDUSTRIES ADJUST TO NEW IMPORT COMPETITION. (U.S. POSITION IS TO IMPLEMENT TARIFF CUTS AS RAPIDLY AS POSSIBLE.)

21. PARA 52 SECOND SENTENCE. BUT THE GENERAL FORMULA DOES NOT ENSURE THE AUTOMATIC ELIMINATION OF TARIFFS IN THE VERY LOW RANGE, THAT IS TO SAY ZERO TO FIVE PERCENT, WHERE MUCH OF CANADA'S PROCESSED RAW MATERIALS ARE TRADED INTO THE U.S. (GENERAL FORMULA DOES PROVIDES FOR CUTTING TARIFFS IN LOW RANGE BUT NOT FOR THEIR AUTOMATIC ELIMINATION.)

22. PARA 53 FOURTH AND FOLLOWING SENTENCES. OUR ANSWER IS THAT WE WOULD LIKE TO MEET BILATERALLY ON AGRICULTURE AND PETROCHEMICALS TO DISCUSS HOW OUR MUTUAL INTERESTS MIGHT BE ACCOMMODATED THROUGH THE MTN. WITH BOTH COUNTRIES PARTICIPATING IN THE TRADE NEGOTIATIONS AS FORMULA COUNTRIES, WE SHOULD BE ABLE TO WORK THIS OUT. WE'D ALSO LIKE TO TALK ABOUT POSSIBLE FUTURE ADDITIONAL GAS SUPPLIES SINCE IT IS HARD TO MAKE SERIOUS DECISIONS ABOUT PETROCHEMICALS WITHOUT KNOWING THE SUPPLY SITUATION OF

UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 251636

THEIR PRINCIPAL RAW MATERIAL. (WE PREFER NOT TO STRESS TOO STRONGLY LINKAGE BETWEEN GAS AND TRADE. VANCE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, AMBASSADORS, AMENDMENTS, SPEECHES, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Sent Date: 20-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE251636
Document Source: CORE
Document Unique ID: 00
Drafter: KAHN:PW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770385-0195
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771037/aaaabftl.tel
Line Count: 211
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 321b3a2a-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 OTTAWA 9102
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 843442
Secure: OPEN
Status: NATIVE
Subject: CHANGES IN AMBASSADOR'S DRAFT SPEECH
TAGS: ENRG, ETRD, CA
To: OTTAWA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/321b3a2a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009